

SUBCOMMITTEE NO. 2

Agenda

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Upon Adjournment of Session
Room 112

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0690 Office of Emergency Services

The Office of Emergency Services (OES) coordinates emergency activities to save lives and reduce property losses during disasters and acts as the state's conduit for federal assistance related to recovery from disasters. OES provides leadership assistance and support to state and local agencies in planning and preparing for the most effective use of federal, state, local, and private resources in emergencies. The emergency planning is based on a system of mutual aid in which a jurisdiction first relies on its own resources and then call for assistance from its neighbors.

Office of Emergency Services – Program Expenditures					
Program	<i>Expenditures (dollars in thousands)</i>				
	2001-02	2001-02	2002-03	\$ Change	% Change
Mutual Aid Response	\$16,428	\$15,502	\$15,798	\$296	1.9%
Plans and Preparedness	30,066	37,116	35,439	-1,677	-4.5%
Disaster Assistance	587,877	669,941	599,804	-70,137	-10.5%
Administration and Executive	5,648	6,037	5,715	-322	-5.3%
Distributed Administration and Executive	-4,753	-5,142	-4,820	322	-6.3%
Totals, Programs	\$635,266	\$723,454	\$651,936	-\$71,518	-9.9%
Total Authorized Positions	498	469	444	-25	-5.3%

Budget Request. The budget proposes total expenditures of \$651.9 million (\$58.8 million General Fund) for state operations and local assistance, a decrease of \$71.5 million (\$5.2 million General Fund) below the current year. As can be seen in the table above, the majority of OES's reduction (\$70.1 million) is due to a decrease in funds for disaster assistance, particularly federal disaster assistance funds (\$66 million reduction). The decrease in federal disaster assistance is due to several of the major disasters that were obligated funding in previous years are in the process of project closeout.

Other major General Fund reductions in the budget include:

- A reduction of \$1.2 million (32 positions) and \$556,000 (11 positions) to the Pasadena Disaster Assistance Office and the Coastal Region Office respectively.
- A reduction of \$5.1 million for local disaster assistance grants and subventions under the Natural Disaster Assistance Act.
- A reduction of \$480,000 and 10 positions at the California Specialized Training Institute resulting in decreased training for Hazardous Materials and Emergency Management.

Staff Recommendation. No issues have been raised with respect to the OES budget. Staff recommends approval as budgeted.

8550 California Horse Racing Board

The seven-member board supervises all race meetings in the state where pari-mutuel wagering is conducted. Principal activities of the board include: protecting the betting public; licensing of racing

associations; sanctioning of every person who participates in any phase of horseracing; designating racing days and charity days; acting as a quasi-judicial body in matters pertaining to horse racing meets; collecting the state's lawful share of revenue derived from horse racing meets; and enforcing laws, rules, and regulations pertaining to horse racing in California. The state's revenue from horseracing is principally derived from fees based upon a percentage of the pari-mutuel wagering pools, breakage (the odds cents not paid to winning ticket holders), and unclaimed tickets. Additional revenue is derived from licenses issued to horse owners, trainers, jockeys, grooms and others, and from fines.

Budget Request: The budget proposes \$8.5 million from special funds, a decrease of \$69,000, or less than 1 percent from the current year.

Staff Recommendation: No issues have been raised with respect to the CHRB budget. Staff recommends approval as budgeted.

8690 Seismic Safety Commission

The Seismic Safety Commission was established to improve earthquake preparedness and safety in California. Specifically, the commission is responsible for providing a consistent framework for earthquake-related programs and coordinating the administration of these programs throughout state government. The 17-member commission performs policy studies, reviews programs, investigates earthquake incidents, and conducts hearings on earthquake safety. The commission advises the Legislature and the Governor on legislative proposals, the state budget, and grant proposals related to earthquake safety.

Seismic Safety Commission – Source of Funding					
Program	Funding (dollars in thousands)				
	2001-02	2001-02	2002-03	\$ Change	% Change
General Fund	\$891	\$881	\$0	-\$881	N/A
Insurance Fund	0	0	884	884	N/A
Natural Disaster Assistance Fund		100	0	-100	N/A
Reimbursements	4	175	75	-100	-8.7%
Totals, Programs	\$895	\$1,156	\$959	\$-197	-17%
Total Authorized Positions	7	8	8	0	0%

Budget Request: The budget proposes total expenditures of \$959,000 (\$884,000 from the Insurance Fund and \$75,000 in reimbursements) for eight positions at the commission. This amount is \$197,000, or 17 percent below estimated current-year expenditures. As can be seen above, a shift in funding is proposed from the General Fund to the Insurance Fund.

ISSUES

Seismic Safety Fee

Background: The proposed fund shift of SSC from the General Fund to the Insurance Fund would be funded by an annual \$1 fee on all earthquake insurance policies in the state. These fees would generate

an estimated \$1.3 million in the budget year and be deposited into a newly created Seismic Safety Account within the Insurance Fund. The SSC would be funded from revenues in the Seismic Safety Account upon allocation by the Legislature.

Issue: The Administration's budget proposed allocating \$884,000 from the Seismic Safety Account for SSC activities for FY 2003-04. The proposed trailer bill language designates 95 percent of funds in the account (5 percent to the Department of Insurance for administrative activities relating to fee collection) exclusively for funding SSC activities.

As stated above, anticipated revenues from the Seismic Safety Fee would generate approximately \$1.3 million, leaving a surplus of \$351,000 in the account. This amount represents a 27 percent surplus in the Seismic Safety Account over what is needed for SSC funding. Earthquake policy data from the Department of Insurance also suggest that fee revenues will continue to generate approximately \$1.3 million annually in future years.

Department Response: The department states the anticipated surplus revenue was proposed to ensure that necessary funds are in the Seismic Safety Account throughout the fiscal year. The department anticipates potential volatility in the account balance due to the necessary time between establishing the fee, notifying insurers, and actually collecting the fee annually.

Staff Recommendation: In light of the anticipated surplus generated by the Seismic Safety Fee, staff recommends the subcommittee approve SSC's budget as proposed, however reduce the proposed fee level to \$.75 per earthquake policy which would only generate the funds necessary for SSC's proposed budget along with a prudent reserve. Staff also recommends adding trailer bill language to allow the Seismic Safety Account to borrow from the Insurance Fund at the beginning of the fiscal year to deal with the anticipated shortfall in the Seismic Safety Account. The Seismic Safety Fee will then be collected to repay the loan to the Insurance Fund throughout the fiscal year.

8830 California Law Revision Commission

The primary objective of the California Law Revision Commission (CLRC) is to make recommendations to the Governor and the Legislature for revision of the law. The CLRC assists the Governor and the Legislature in keeping the law up to date by studying complex subjects, identifying major policy questions for legislative attention, gathering the views of interested persons and organizations, and drafting recommended legislation for consideration. The CLRC may study only topics that the Legislature authorizes by concurrent resolution.

Budget Request: The budget proposes statutory elimination of the California Law Revision Commission. The CLRC's current-year budget is \$660,000 (\$645,000 General Fund and \$15,000 Reimbursements) supporting five positions.

ISSUES

Elimination of the CLRC

Issue: The CLRC is proposed to be statutorily eliminated.

Background: The CLRC was formed in 1953 as a successor to the Code Commission and was charged with reviewing California Law, studying it to remove obsolete sections and to recommend reforms. Some major projects over the history of the commission including drafting California's Evidence Code,

recodifying the California's Probate Code, drafting California's Family Code, and continuing to examine code for California's trial court unification. Over the history of the CLRC, 350 recommendations have been delivered to the Legislature, with more than 320 enacted.

Current Commission Workplan: The CLRC plans to submit to the Legislature for the 2003 session recommendations for comprehensive revision of criminal and civil procedure statutes that are obsolete or need revision in the wake of trial court unification, improvements to the code governing alternative dispute resolution in Common Interest Developments, reorganization of the code governing civil discovery, potential code improvements from the Uniform Unincorporated Nonprofit Association Act, comparisons of California and federal evidence codes, potential code improvements from the Uniform Trust Code, and a study of arbitration procedure improvements. During 2003, the CLRC is currently working on a comprehensive review of financial privacy laws, a comprehensive review of Common Interest Development Law, and continued work on revision of code from trial court reunification.

Staff Recommendation: The limited General Fund savings provided by the elimination of the CLRC does not seem to justify this budget proposal. Staff recommends rejecting this proposal and adopting a reduced budget of \$550,000 for the 2003-04 Budget Year. CLRC and staff have identified this 15 percent reduction in CLRC's budget as a reasonable alternative, while still allowing the CLRC to be productive.

8840 Commission on Uniform State Laws

In conjunction with other states, the Commission on Uniform State Laws (CUSL) drafts and presents to the Legislature uniform laws deemed desirable and practicable by the National Conference of Commissioners on Uniform State Laws for adoption by the various states. The commission is composed of six members appointed by the Governor, one member of each house of the Legislature appointed by the respective house, the Legislative Counsel, and two life members of the National Conference.

Budget Request: The budget proposes statutory elimination of the Commission on Uniform State Laws. The CUSL current year's budget is \$138,000 General Fund and is staffed by Legislative Counsel.

ISSUES

Elimination of the CUSL

Issue: The CUSL is proposed to be statutorily eliminated during the FY 2003-04.

Background: Since 1987, the CUSL has sponsored legislation for over 30 uniform code proposals on a wide array of issues to provide uniformity in laws across states where it is beneficial to all states. Many uniform laws have been adopted to benefit California such as:

- The Uniform Commercial Code, allowing more efficient and better regulated business transactions;
- The Uniform Electronic Transfer Act and the Uniform Fraudulent Transfer Act, allowing more consistent regulation of electronic transfers;
- The Uniform Family Support Act, the Uniform Interstate Family Support Act, and the Uniform Interstate Enforcement of Domestic Violence Protection Orders Act, all of which enhance family support and protection mechanisms in California and across state boundaries.

Staff Recommendation: Staff recommends rejecting elimination of the Commission on Uniform State Laws as it provides significant benefit to the Legislature. Staff has identified a reduced CUSL budget of \$110,000 as a reasonable alternative, while still allowing the CUSL to be productive.

3780 Native American Heritage Commission

The nine-member Native American Heritage Commission (NAHC) preserves and protects California Native American cultures. The commission's powers and duties include: identifying, cataloging, and preserving geographic sites of importance to Native Americans; helping Native Americans obtain access to these sites when necessary; protecting Native American burial and sacred sites; and ensuring that remains are treated appropriately when burial sites are discovered.

Budget Request: The budget proposes to shift funding support for the NAHC from the General Fund to the Indian Gaming Special Distribution Fund. NAHC's budget proposes four positions and \$341,000 from the Indian Gaming Special Distribution Fund, which is \$1,000 more than the current year appropriation.

Native American Heritage Commission – Source of Funding					
Fund	Funding (dollars in thousands)				
	2001-02	2002-03	2003-04	\$ Change	% Change
General Fund	\$325	\$340	\$0	-\$340	N/A
Indian Gaming Special Distribution Fund	0	0	341	341	N/A
Reimbursements	5	0	0	0	0%
Totals, Programs	\$325	\$340	\$341	\$1	0.3%
Total Authorized Positions	3	4	4	0	0%

ISSUES

Tribal Gaming Special Distribution Fund

Background: The budget proposes to shift full funding support for the NAHC from the General Fund to the Indian Gaming Special Distribution Fund. The Tribal Gaming Special Distribution Fund revenues are derived from quarterly payments from tribes as a percentage of average net winnings of their slot machines. The tribes are expected to contribute \$94 million to the fund this year. The current Tribal Gaming Compact restricts the uses of funds to the following criteria:

- Reimbursement for state regulatory costs associated with the compacts.
- Grants for gambling addiction programs.
- Grants to state and local agencies affected by tribal government gaming.
- Payment of shortfalls that may occur in the Revenue Sharing Trust Fund.
- Any other purpose specified by the Legislature.

Issue: While the last criteria is broad, a federal district court has ruled that since this broad statement follows four specific statements related to gambling, all of the funds must be expended for gambling related activities. This ruling is currently under appeal. In light of the court ruling, it is unclear, despite

the mission of the NAHC, that the Special Distribution Fund can statutorily be used to fund NAHC activities.

Staff Recommendation: The Department of Finance and the Legislative Counsel are still in the process of evaluating this issue. Staff recommends leaving this issue for future discussion.

8570 Department of Food and Agriculture

The department mission is to promote and regulate the state's agricultural industry. In specific, the department promotes and regulates the department through (1) eradication and control of harmful plant and animal pests and diseases, (2) marketing, exporting, and other related assistance for various agricultural commodities, (3) assurance of true weights and measures in commerce, and (4) financial and administrative assistance to the state's 80 district, county, and citrus fairs.

Budget Request: The budget proposes total expenditures of \$269.3 million (\$86.6 million General Fund) a decrease of \$32.3 million (10.7 percent) from the current-year budget.

The Administration's budget proposes just under \$5 million in General Fund reductions to various programs. Some major General Fund reductions include:

- \$1.5 million (15.5 positions) from the Weed and Vertebrate Program and the Biological Control Program.
- \$1.5 million from the "Buy California" program, eliminating all state-funded support for this program.
- \$1.4 million (34 positions) from the border inspection program. The reduction is accomplished by a change in inspection policy from inspecting all vehicles entering the state to inspecting only commercial vehicles entering the state.

Department of Food and Agriculture – Program Expenditures					
Fund	Expenditures (dollars in thousands)				
	2001-02	2001-02	2002-03	\$ Change	% Change
Agricultural Plant and Animal Health; Pest Prevention; Food Safety	\$137,049	\$146,512	\$131,857	-\$14,655	-10.0%
Marketing. Commodities and Agricultural Services	61,453	99,031	80,767	-18,264	-22.6%
Assistance to Fairs and County Agricultural Activities	56,177	54,825	55,471	646	1.2%
Executive, Management and Administrative Services	11,684	12,155	12,155	0	0%
Distributed Executive, Management and Administrative Services	-10,532	-11,223	-11,223	0	0%
Totals, Programs	\$255,831	\$301,300	\$269,027	-\$32,273	-10.7%
Total Authorized Positions	1,552	1,837	1811	26	-1.4%

ISSUES

Medfly Preventive Release Program

Background: The budget proposes \$8.9 million from the General Fund and 138 positions to provide for Mediterranean Fruit Fly (Medfly) preventative control efforts on an ongoing basis. The department began efforts to control the impact of the medfly on California's agricultural industry in 1975. Since 1980, the state has spent around \$150 million from the General Fund to support this effort, with a similar amount provided by the federal government.

The current Preventative Release Program (PRP) began in 1996 and involves raising sterile medflies and releasing them throughout a 2,500 square mile area in the Los Angeles Basin. Total program costs are approximately \$18 million annually, shared equally between the state and federal government. The Legislature approved this as a five-year program with a June 30, 2001 sunset date. In both 2001-02 and 2002-03, the program was extended on a one-year basis.

Issue: It has been the intention of the subcommittee over the last two years to partially or wholly shift the state portion of this program from the General Fund to the Agriculture Fund. Last year, the Legislature, as recommended by the LAO, directed CDFA to provide a report on how the PRP could be shifted in whole, or in part from the General Fund to the Agriculture Fund. Staff has recently received the report from CDFA outlining several alternative funding options for the PRP program.

LAO Recommendation: The LAO recommends that the subcommittee enact legislation authorizing the department to assess fees for the nonfederal cost of the Medfly Preventative Release Program, and subsequently eliminate General Fund support for this program.

Staff Recommendation: Due to the short period since receiving the department's report, staff has not had sufficient time evaluate the alternative funding options for this program. Staff recommends leaving this issue open to allow further time to evaluate this report.